



Investment Update –30 June 2016

TAL Life Limited ABN 70 050 109 450 AFSL 237848

For FULS, Lifeforce and Pooled members

The Investment Update is to be read in conjunction with your Annual Statement and is provided by TAL Life Limited (TAL). It provides you with the information you need to understand the management, financial condition and investment performance of your investment option(s) and product.

Your Annual Statement provides details of your accumulated benefit entitlement, including details of opening and closing balances, transactions and investment options.

If you would like a printed copy of this update or have any questions, please call us on 1300 209 088 or email customerservice@tal.com.au quoting your member number.

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Issuer, Administrator, Insurer & Investment Manager

TAL Life Limited
ABN 70 050 109 450 AFSL 237848

Customer Service

1300 209 088
Monday to Friday
9.00am – 5.00pm (AEST/AEDT)

customerservice@tal.com.au

TAL Life Limited
GPO Box 5380
Sydney NSW 2001

Terms used in this Investment Update

ABN	Australian Business Number
AEST/AEDT	Australian Eastern Standard Time/Australian Eastern Daylight Time
AFSL	Australian Financial Services Licence
AML/CTF Act	Anti-Money Laundering and Counter-Terrorism Financing Act 2006
CPI	Consumer Price Index
FOS	Financial Ombudsman Service
Russell Investments, Russell	Russell Investment Management Limited ABN 53 068 338 974
SCT	Superannuation Complaints Tribunal
'TAL', 'we', 'us'	TAL Life Limited and any of its related bodies corporate
Unit Linked	an investment option where policy owners purchase units, with each unit representing an equal share of the underlying assets of the option. The value of each unit, ie. the unit price, reflects the market value of the underlying assets
Vanguard Investments	Vanguard Investments Australia Limited
'you', 'your', 'customer'	the Customer

Disclaimer

TAL Life Limited (nor any of its related bodies corporate and their respective directors and associates) does not guarantee any particular rate of return, or the repayment of capital or income, or the performance of any of the products or funds referred to in this update unless otherwise stated. The information contained in this Investment Update is general information only. It does not take into account your individual investment objectives, financial situation or particular needs. You should obtain your own advice from a financial adviser with respect to your individual investment objectives, financial situation and particular needs.

Important information on how we manage your investment

Processing of contributions and withdrawals

The processing of some or all transactions may be temporarily suspended or restricted where:

- market disruptions or extraordinary circumstances mean that it would not be fair and reasonable to continue processing transactions;
- for whatever reason, we are unable to determine the unit price(s) at which transactions should be processed; or
- one or more investment options are illiquid in that they do not have sufficient assets that can reasonably be expected to be realised and converted into cash to satisfy redemption requests within the timeframe set by legislation.

Additionally, if we do not receive all the necessary information, we may, at our absolute discretion, reject an application for units in whole or in part.

The temporary suspension or restriction of processing of transactions will be lifted when the risk to policy owners has abated sufficiently to make it fair and reasonable to resume processing transactions.

Identification requirements

Current Anti-Money Laundering and Counter-Terrorism Financing legislation requires us to identify you and verify your identity when you make withdrawals from your investment. Generally, you will need to provide certain documents (such as a certified copy of your passport or current Driver Licence) to establish or verify your identity. If you do not provide identifying documents, or if we are unable to adequately verify your identity, we may not be able to process your withdrawal. This legislation also imposes reporting obligations on us if we form suspicions about the identity of someone we are transacting with or about the purpose of the transaction itself. In these circumstances we may decide to delay or decline to process that transaction and report it to the regulator if we are concerned that the request or transaction may be in breach of the provisions of the AML/CTF Act or cause us to commit an offence under that Act. If we take this step, we will not incur any liability to you.

Privacy

The way in which TAL collects, handles, secures and discloses your personal information is set out in the TAL Privacy Policy which is available on our website www.tal.com.au/Privacy-Policy or a copy is available free of charge on request.

TAL has processes in place to help to prevent unauthorised people from gaining access to your information. However, there are some steps that you can take to help protect your personal information from unauthorised access or use. The website of the Office of the Australian Information Commissioner at www.oaic.gov.au contains useful information on how you can protect your personal information.

Unit pricing

The following section provides information about unit pricing. Our current process may differ to the one stated in your original product terms. We reserve the right to alter our process at any time without notice.

How unit pricing works

When you invest money in an investment option, your money is pooled together with that of other policy owners. TAL then uses this pool of funds to buy assets which are managed on behalf of all policy owners. All units within each Unit Linked investment option have an equal value. Unit prices for these investment options are determined daily (for each business day) by dividing the total net asset value of the investment option by the number of units on issue within that investment option.

The net asset value of all investment options includes the market value of the assets (including some tax benefits that may arise in the future) and provisions for fees, taxes, transaction costs and any other expenses of the option. We use the most recent best estimate of these provisions in each day's net asset value. These estimates are updated regularly and may be subject to change.

For non-Unit Linked options

For non-Unit Linked investment options, income is credited to members' accounts through an interest rate rather than movements in a unit price. The interest rate is declared annually.

Withdrawals and benefit payments

The current procedure is to calculate the withdrawal value using the unit price of the date of receipt of the last requirement, at the time of calculating the payment. This process has been updated and may differ from the benefit calculation procedure in your original product terms.

Adjustments

Unfortunately, from time to time, administration or unit pricing errors occur that may affect the value of accrued benefits. When a material error has been identified, TAL will adjust policy owners' accounts as follows:

- for current policy owners, we will adjust their investment to ensure it is in the same economic position it would have been in had the error not occurred; and
- for exited policy owners, compensation may be paid where the adjustment is \$20 or more.

Where an exited policy has been overpaid, TAL may seek to recover the overpayment from the policy owner.

Fees

We will provide you with 30 days' notice before introducing any additional fee(s) or before any increases (other than CPI increases) to existing fees.

About the investment information

Investment arrangements

TAL invests contributions received into the investment option(s) that the policy owner has selected. These investment options invest in managed investment schemes issued by Russell Investments, except for Property, which is invested in a managed investment scheme issued by Vanguard Investments, and Ethical Growth, which is invested in a managed investment scheme issued by AMP Capital Investors Limited.

Performance returns

Investment performance information as at 30 June 2016 is rounded to one decimal place. The calculation of performance returns is based on the movement of unit prices for the Unit Linked investment options over the period reported. The performance returns shown are calculated after the deduction of any tax, asset management charge and investment costs attributable to the investment option and before the deduction of any other fees and rebates that may be applicable to your policy. Performance returns are the annual returns for the investment option as a whole. For current investment performance information, see [Performance](#) on our website and then select your product, or call us on 1300 209 088.

Asset allocations and benchmarks

Asset allocations as at 30 September 2016 and 30 September 2015 for each of the investment options have been rounded to the nearest one decimal place. The actual allocations may vary from time to time due to market fluctuations and investment decisions. A limited portion of the investment portfolios may be held as cash for liquidity or other investment purposes from time to time. This cash holding is included in the asset class specified in the underlying manager's strategic asset allocation. For example, a specialist shares manager may hold some cash (within specified limits) and this would be classified as shares. For current or further information about asset allocation benchmarks and minimum and maximum ranges, please contact your financial adviser, call us on 1300 209 088 or see [Profiles](#) on our website and select your product and the appropriate investment option.

Changes to the strategic asset allocation

As part of our ongoing commitment to continually improve investment options, we have reviewed the strategic asset allocation of each investment option with Russell Investments. The strategic asset allocation is the weighting to asset classes that we believe is required to achieve an option's investment objective based on long-term risk and asset returns expectations. Any changes to the strategic asset allocation will be detailed in the 'Investment information as at 30 June 2016' section.

Risk and return profile

Volatility can be simply defined as fluctuations in the returns of an investment and is the most common way to measure the risk associated with certain asset classes such as shares, fixed interest and property. An investment which is more volatile than another is said to be riskier. This is because the greater the volatility of an investment, the greater the chance that its return could be less than expected. It is widely accepted that over long periods of time, a relationship exists between the risk and return of each investment option. Generally, the investment options with the potential for earning higher returns carry a higher risk (ie. have higher volatility of returns). If you would like details for each of the investment options available to you as a policy owner (including asset allocation benchmarks and ranges), call us on 1300 209 088 or see [Profiles](#) on our website and select your product and the appropriate investment option.

Multi-manager investment style

TAL's multi-manager investment options are managed by Russell Investments. Russell's investment strategy begins by researching some of the world's best investment managers. Underlying investment managers are then selected for inclusion in the investment options – each chosen for what Russell believes is their outstanding capabilities. These underlying managers, with different approaches and styles to investing, are then combined together to manage portfolios of securities. It's a multi-dimensional process that provides a simple yet sophisticated investment for investors.

For nearly 40 years, Russell's extensive understanding of markets, managers and investors has enabled them to design funds that seek to deliver consistent long-term results. Through the TAL investment options, you gain exposure to a highly awarded investment company.

Labour standards and environmental, social and ethical considerations

Other than for the Ethical Growth investment option, labour standards, environmental, social, or ethical considerations are not taken into account for the purpose of selecting, retaining, or realising an investment. Underlying investment managers may or may not take these considerations into account.

Investment in derivatives

Derivatives such as futures, forwards, options and swaps (as applicable) may be used, within agreed limits, by the underlying investment managers in managing the various asset classes.

Changes to the investment options

TAL reserves the right to withdraw or close an investment option. We may also change any other aspect of any investment option that you invest in at any time. You will be notified in writing of any such change. If an investment option is withdrawn, we will transfer your investment to the nearest equivalent option available at that time.

Investment information as at 30 June 2015

TAL's investment objective and strategy

Product	TAL's investment objective	TAL's investment strategy
Friends Unit Linked Superannuation	To provide a product with suitable investment options from which all customers can select investments which are broadly suitable for their personal circumstances at any particular time.	To invest in insurance policies which provide investment options consistent with our investment objective.
Lifeforce	To provide a product with modest investment growth.	To invest in insurance policies which provide investment options consistent with our investment objective.
Unit Linked Pooled Superannuation	To provide a product with suitable investment options from which all customers can select investments which are broadly suitable for their personal circumstances at any particular time.	To invest in insurance policies which provide investment options consistent with our investment objective.

Investment performance

The calculation of investment performance is based on the movement of unit prices for the Unit Linked investment options over the period reported. The returns shown below are calculated after the deduction of any tax, asset management charge and investment costs attributable to the investment option, and before the deduction of any other fees and the calculation of rebates that may be applicable to your policy. Performance returns are the annual returns for the investment option as a whole.

The calculation of investment performance for non-Unit Linked options is based on the declared interest rates for the period reported.

The 5 and 10 Year Compound Average Returns are detailed below and the figures are rounded to one decimal place. Current 1 to 5 year performance returns are updated at the end of each month and may be obtained by contacting us on 1300 209 088 or by visiting [Performance](#) on our website and selecting your product.

Your individual returns after taking into account transactions throughout the reporting period are detailed in your Annual Statement.

Product	Investment option	Compound Average Returns (%)	
		5 Years to 30/06/2016	10 Years to 30/06/2016
Friends Unit Linked Superannuation	Balanced Growth	8.3	4.1
	Ethical Growth	6.0	3.4
	International Growth	10.6	1.9
	Property Plus	8.4	-3.0
	Security Focus	6.1	4.3
Lifeforce	Capital Assured ¹	4.5	4.6
Unit Linked Pooled Superannuation	Balanced Growth (taxed)	9.0	4.8
	Capital Assured ¹	3.8	3.9
	Cash	2.0	3.1

¹ The Capital Assured investment option is not Unit Linked. The performance returns shown here are the 5 and 10 year returns to 30/09/2016 and are based on the declared rates as at 30 September each year. The declared rate is after the deduction of investment costs, asset management charge and other fees.

Past investment performance is not a guarantee of future investment performance.

Investment option profiles

Not all investment options are available to all policy owners. Please refer to the investment performance table, your Annual Statement or Policy/Disclosure document for details of the investment options available to your individual policy.

Asset allocations for 30 June 2016 and 30 June 2015 for each of the investment options are shown below, and have been rounded to one decimal place.

TAL Balanced Growth			
Investment objective	The option aims to provide moderate to high investment growth over the long term from a portfolio that invests in a range of asset classes.		
Investment strategy	The option invests in a range of asset classes, with a strong emphasis on growth assets such as shares and property.		
Investment timeframe	5+ years		
Risk and return profile	Moderate – high		
Asset allocation	Asset class	2016 (%)	2015 (%)
	Australian fixed interest	15.3	14.8
	Australian shares	36.6	36.7
	International fixed interest	15.6	15.0
	International shares	25.2	26.4
	Property	7.3	7.1

TAL Capital Assured			
Investment objective	The option aims to provide modest investment growth over the medium term from a portfolio that invests in a range of asset classes.		
Investment strategy	The option invests in a range of asset classes, with a strong emphasis on defensive assets such as cash and fixed interest.		
Investment timeframe	3+ years		
Risk and return profile	Low		
Asset allocation	Asset class	2016 (%)	2015 (%)
	Australian fixed interest	45.8	45.5
	Australian shares	7.7	8.0
	Cash and short-term securities	19.9	19.9
	International fixed interest	21.2	19.8
	International shares	3.1	4.0
	Property	2.3	2.8

TAL Cash			
Investment objective	The option aims to provide cash returns over the short term from a portfolio that invests in short-term securities and cash.		
Investment strategy	The option invests in short-term securities and cash.		
Investment timeframe	1 year		
Risk and return profile	Low		
Asset allocation	Asset class	2016 (%)	2015 (%)
	Cash and short-term securities	100.0	100.0

TAL Ethical Growth			
Investment objective	The option aims to provide high investment growth over the long term from a portfolio of Australian shares issued by companies that take into account the wider ethical, social and environmental issues in the community.		
Investment strategy	The option invests in a range of Australian shares issued by companies that take into account the wider ethical, social and environmental issues in the community.		
Investment timeframe	5+ years		
Risk and return profile	High		
Asset allocation	Asset class	2016 (%)	2015 (%)
	Australian shares	100.0	100.0

TAL International Growth			
Investment objective	The option aims to provide high investment growth over the long term from a portfolio of international shares.		
Investment strategy	The option invests in a range of international shares.		
Investment timeframe	5+ years		
Risk and return profile	High		
Asset allocation	Asset class	2016 (%)	2015 (%)
	International shares	100.0	100.0

TAL Property Plus			
Investment objective	The option aims to provide property returns over the long term from a portfolio of property securities.		
Investment strategy	The option invests in a range of property securities.		
Investment timeframe	5+ years		
Risk and return profile	High		
Asset allocation	Asset class	2016 (%)	2015 (%)
	Property	100.0	100.0

TAL Security Focus			
Investment objective	The option aims to provide modest investment growth over the medium term from a portfolio that invests in a range of asset classes.		
Investment strategy	The option invests in a range of asset classes, with a strong emphasis on defensive assets such as cash and fixed interest.		
Investment timeframe	3+ years		
Risk and return profile	Low – moderate		
Asset allocation	Asset class	2016 (%)	2015 (%)
	Australian fixed interest	36.3	35.1
	Australian shares	14.8	15.3
	Cash and short-term securities	15.0	14.9
	International fixed interest	20.2	20.1
	International shares	10.0	10.1
	Property	3.7	4.5

Enquiries

If you have a general enquiry or require further information on your policy, call us on 1300 209 088, Monday to Friday between 8.30am – 5.30pm (AEST/AEDT). Alternatively, email us on customerservice@tal.com.au quoting your policy number, or write to us at the following address:

TAL Life Limited
GPO Box 5380
Sydney NSW 2001

Complaints

If you have a complaint regarding your TAL product, please lodge it in writing to the TAL Complaints Manager at the address shown above.

If your complaint has not been resolved to your satisfaction within 45 days of lodgement, you may refer the matter to the **Financial Ombudsman Service (FOS)** at the following address:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001

Call 1300 780 808
Email info@fos.org.au
Website www.fos.org.au

FOS is an independent body designed to help you resolve complaints relating to financial products as well as complaints relating to financial advice and sales of financial and investment products. Complaints with FOS may be resolved by a conciliation process or arbitration. This complaints procedure is free of charge. Decisions made by FOS are binding on us.